



**YOMA BANK LIMITED
(Registration No. 193771947)**

**REPORT OF THE DIRECTORS AND FINANCIAL
STATEMENTS**

YEAR ENDED MARCH 31, 2023

YOMA BANK LIMITED

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

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YOMA BANK LIMITED

REPORT OF THE DIRECTORS

The directors are pleased to present their report to the members, together with the audited financial statements of Yoma Bank Limited (the "Bank") for the year ended March 31, 2023, in compliance with Section 261 of the Myanmar Companies Law 2017.

1 CORPORATE INFORMATION

Yoma Bank Limited (the "Bank") is a private company which was incorporated in Myanmar on May 19, 1993 under The Myanmar Companies Act. The Bank was re-registered at Directorate of Investment and Company Administration with the company registration no. 193771947 under the Myanmar Companies Law 2017. Its holding company is First Myanmar Investment Public Co., Ltd, also incorporated in Myanmar and is listed on the Yangon Stock Exchange on March 25, 2016. The Bank was permitted to carry out banking business under License No. MaVaBa/P - 5/ (7) 93 issued by the Central Bank of Myanmar (the "CBM") according to Section 57 of the Central Bank of Myanmar Law 1990. In accordance with Section 176 of the Financial Institutions Law (Pyidaungsu Hluttaw Law No. 20/2016), the Bank was reissued the new banking License No. MaVaBa/PaBa(R)-06/08/2016 by the CBM on August 10, 2016.

2 REGISTERED OFFICE

The registered office of the Bank is located at No. 14, Kyaik Khauk Pagoda Road, Star City, Thanlyin Township, Yangon, Myanmar.

3 BOARD OF DIRECTORS

The directors of the Bank in the office at the date of this report are:

U Theim Wai @ Mr. Serge Pun	Executive Chairman
U Tun Myat	Independent Non-Executive Director
U Kyi Aye	Executive Director
Dr. Holger Dirk Michaelis	Non-Executive Director
Mr. Chintaman Mahadeo Dixit	Independent Non-Executive Director
Mr. John Alan Staley	Independent Non-Executive Director

4 STATE OF THE BANK'S AFFAIRS

The principal activities of the Bank are to carry out all business undertakings provided in the Financial Institutions Law 2016 ("FIL 2016") Section 52, and in accordance with the CBM's directives, guidelines, and instructions. There were no major changes in the business of the Bank during the year ended March 31, 2023. During the year, the Bank had the following developments:

- a) Established an in-house Customer Care Center with proficient Bank's employees capable of providing customised support to our customers as well as facilitating banking activities through a one stop service;
- b) Significant progress has been made in managing the credit profile of our portfolio. Overall delinquency of our restructured portfolio and non-performing loans have significantly reduced whilst we have maintained sufficient provision coverage;
- c) Following the uplift of credit policy, processes, training, and 2nd line oversight, we have decided in Mar'23 to increased credit delegations to 1st line to improve customer experience with effective in Apr'23 whilst maintaining expectation of good quality new loans;
- d) Facilitated the direct settlement of Chinese Yuan (CNY) and Thailand Baht (THB) to promote border trade;
- e) Rolled out Bancassurance products to 71% of the branch network;

- f) Launched an automatic analytics engine successfully in November 2022 as part of the AML/CFT Uplift Program.

YOMA BANK LIMITED

REPORT OF THE DIRECTORS

5 FINANCIAL PERFORMANCE

<i>In millions</i>	For the year ended March 31, 2023	For the six-month period ended March 31, 2022
	MMK	MMK
Revenue (including interest income, fees and commission income and other income)	287,536.57	108,306.99
Profit before dividend income, depreciation, amortisation, general provision on loans and advances, and tax	24,367.65	9,650.22
Less: Depreciation and amortisation	6,613.53	2,934.41
Profit before dividend income, general provision on loans and advances and tax	17,754.12	6,715.81
Less: 2% general provision on loan and advances	2,607.27	-
Less: Income tax expense	3,857.94	1,477.00
Add: Dividend income	2.26	3.39
Profit for the year/period	11,291.17	5,242.20

6 TRANSFERS TO RESERVES ACCOUNT

During the year ended March 31, 2023 and six-month period ended March 31, 2022, the Bank has transferred the following amounts to the Reserves account in accordance with Section 35 (a) of the FIL 2016, and as required by CBM Notification No. 17/2017.

<i>In millions</i>	For the year ended March 31, 2023	For the six-month period ended March 31, 2022
	MMK	MMK
Reserve for Bad & doubtful debts	2,607.27	-
Statutory reserve account	3,474.61	1,310.55
Reserve for contingencies	1.00	1.00
Total Reserves	6,082.88	1,311.55

7 DIVIDENDS

There has been no dividend proposed by the Board of Directors of the Bank for the year ended March 31, 2023 and six-month period ended March 31, 2022.

8 ISSUANCE AND TRANSFER OF SHARES

During the year ended March 31, 2023, the former shareholder of the Bank, International Finance Corporation transferred all its shares to First Myanmar Investment Public Co., Ltd. There has been no issuance or transfer of shares for the six-month period ended March 31, 2022.

YOMA BANK LIMITED

REPORT OF THE DIRECTORS

9 SHAREHOLDING STRUCTURE

No.	Name	Percentage (%)
1	First Myanmar Investment Public Co., Ltd	66.47%
2	Greenwood Capital Private Limited	19.66%
3	Norfund	10.55%
4	Minority Shareholder	3.32%
TOTAL		100.00%

10 RISK AND UNCERTAINTIES

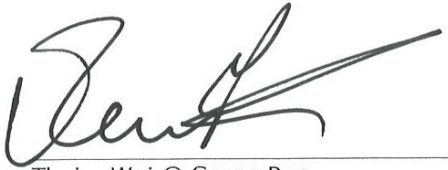
The Bank managed the various key risks namely credit risk, liquidity and funding risk, market risk, human capital risk, legal and compliance risk, technology risk, operational risk, and capital risk, in line with the defined risk appetite approved by the Board of Directors. To effectively manage the changes in external environment, the Bank has assessed material risks on a quarterly basis and presented the material risk assessment to the Risk Oversight Committee for approval along with the mitigation plans to reduce the material risks.

The Bank has enabled growth in its lending portfolio while maintaining the quality of the new credit limits and ensuring the limits to be within the approved risk appetite and assets writing strategy. The actual non-performing loans percentage and delinquency resulted better than projected in the year ended March 31, 2023. The reduction in non-performing loans, in turn, resulted in a significant contribution to the profit derived by a net credit provision release and the recovery of the non-accrual interest and penalties.

11 AUDITOR

The financial statements have been audited by Cho Cho Aung, Certified Public Accountant of Myanmar Vigour & Associates Limited.

On behalf of the Board of Directors,



Theim Wai @ Serge Pun
Executive Chairman



Kyi Aye
Executive Director

Date: May 31, 2023

YOMA BANK LIMITED

STATEMENT OF THE DIRECTORS

The directors are pleased to submit their statement to the members, together with the audited statement of financial position of Yoma Bank Limited (the "Bank") as at March 31, 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows together with the notes to the financial statements for the year ended March 31, 2023. These have been prepared in accordance with the Myanmar Companies Law (the "Law") and Myanmar Financial Reporting Standards ("MFRSs") as issued by the Myanmar Accountancy Council ("MAC") and as modified by the provisions of the Financial Institutions Law 2016 ("FIL 2016") (collectively known as "the Regulations").

In the opinion of the directors, the statement of financial position, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Bank, together with the notes thereon, as set out on pages 8 to 58, present fairly, in all material aspects, the financial position of the Bank as at March 31, 2023, and the financial performance, changes in equity and cash flows of the Bank for the year ended March 31, 2023 and at the date of this statement, there are reasonable grounds to believe that the Bank will be able to pay its debts when they fall due.

On behalf of the Board of Directors,



.....
Theim Wai @ Serge Pun
Executive Chairman



.....
Kyi Aye
Executive Director

Date: May 31, 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YOMA BANK LIMITED

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of Yoma Bank Limited (the "Bank"), which comprise the statement of financial position as at March 31, 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 8 to 58.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Myanmar Companies Law (the "Law") and Myanmar Financial Reporting Standards ("MFRSs"), as modified by the provisions of the Financial Institutions Law 2016 ("FIL 2016"). This responsibility includes:

- (a) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Management is also responsible for the maintenance of accounts and records and the preparation of periodic financial statements, adequate to reflect its operations and financial condition as prescribed by regulations made by the Central Bank of Myanmar.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Myanmar Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YOMA BANK LIMITED

Opinion

In our opinion, the financial statements present fairly, in all material aspects, the financial position of the Bank as at March 31, 2023 and its financial performance and cash flows for the year then ended in accordance with the provisions of the Law and MFRSs, as modified by the provisions of FIL 2016.

Report on Other Legal and Regulatory Requirements

In accordance with the provisions of the Law and FIL 2016, we report that:

- (a) We have obtained all information and explanations we required;
- (b) Books of accounts have been maintained by the Bank as required by Section 258 of the Law; and
- (c) Accounts and records have been maintained by the Bank including the preparation of financial statements in compliance with the regulations as required by Section 84 of the FIL 2016.

Also, in accordance with Section 89 of the FIL 2016, we report that the financial statements of the Bank adequately reflect in all material respects, the financial position of the Bank and its solvency.

A handwritten signature in blue ink, appearing to read "Ceeo", is written over a vertical blue line.



Cho Cho Aung
Certified Public Accountant
Yangon, Myanmar

Date : May 31, 2023

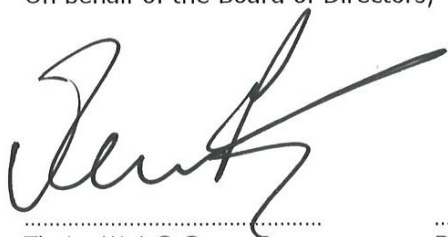
YOMA BANK LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023**

In millions

	Note	March 31, 2023 MMK	March 31, 2022 MMK
ASSETS			
Cash on hand and at banks	8	590,262.48	731,134.65
Interbank placements		96,117.00	21,000.00
Investment securities	9	790,625.34	613,414.08
Loans and advances, net	10	2,107,723.85	1,631,048.73
Property and equipment	11	162,563.03	45,095.34
Software, licenses and rights	12	5,320.64	6,569.44
Other assets	13	103,136.48	53,359.18
Total assets		3,855,748.82	3,101,621.42
LIABILITIES			
Interbank deposits		1,449.08	950.41
Due to non-bank customers	14	3,508,448.41	2,783,344.27
Interbank borrowings		30,275.00	19,558.00
Accruals and other liabilities	15	48,627.10	44,717.95
Total liabilities		3,588,799.59	2,848,570.63
EQUITY			
Share capital	16	86,260.44	86,260.44
Share premium	16	30,130.00	30,130.00
Reserves	17	87,044.77	80,961.89
Retained earnings		63,514.02	55,698.46
Total equity		266,949.23	253,050.79
Total liabilities and equity		3,855,748.82	3,101,621.42
OFF-BALANCE SHEET			
Contingent liabilities	25	41,806.17	38,158.68
Commitments	26	163,869.96	146,943.04

On behalf of the Board of Directors,



.....
Theim Wai @ Serge Pun
Executive Chairman



.....
Ba Maung Sein
Chief Executive Officer



.....
Kyaw Khaing Win
Chief Financial Officer

Date: May 31, 2023

The accompanying notes form part of the financial statements

YOMA BANK LIMITED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2023**

<i>In millions</i>	Note	For the year ended March 31, 2023 MMK	For the six-month period ended March 31, 2022 MMK
Interest income	18	260,897.86	102,821.95
Interest expense	18	(187,485.06)	(68,143.40)
Net interest income		73,412.80	34,678.55
Fees and commission income	19	17,317.48	5,245.56
Other income	20	9,321.23	239.48
Non-interest income		26,638.71	5,485.04
Income before operating expenses		100,051.51	40,163.59
General and administrative expense	21	(13,792.86)	(6,222.73)
Personnel expense	22	(43,185.09)	(18,307.27)
Rent expense		(9,459.01)	(3,769.79)
Depreciation and amortisation	11,12	(6,613.53)	(2,934.41)
(Allowance)/Write-back for impairment on loans and advances	10	(8,190.11)	3,416.76
(Allowance)/Write-back for impairment on repossessed properties	13	(6,471.48)	325.84
Writeback/(Allowance) for impairment on restructured loans and advances	10	21,110.98	(756.54)
2% general provision on loan and advances	17	(2,607.27)	-
Other expenses	23	(15,694.03)	(5,196.25)
Total expenses		(84,902.40)	(33,444.39)
Profit before tax		15,149.11	6,719.20
Income tax expense	24	(3,857.94)	(1,477.00)
Profit for the year/period		11,291.17	5,242.20
Total comprehensive income for the year/period		11,291.17	5,242.20

On behalf of the Board of Directors,



Theim Wai @ Serge Pun
Executive Chairman



Ba Maung Sein
Chief Executive Officer



Kyaw Khaing Win
Chief Financial Officer

Date: May 31, 2023

The accompanying notes form part of the financial statements

YOMA BANK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2023**

<i>In millions</i>	Share capital	Share premium	Reserves	Retained earnings	Total
	MMK	MMK	MMK	MMK	MMK
Balance at October 01, 2021	86,260.44	30,130.00	79,650.34	51,767.81	247,808.59
Amount transferred to statutory reserves	-	-	1,310.55	(1,310.55)	-
Amount transferred to reserve for contingencies	-	-	1.00	(1.00)	-
	86,260.44	30,130.00	80,961.89	50,456.26	247,808.59
Total comprehensive income for the period					
Profit for the period	-	-	-	5,242.20	5,242.20
Balance at March 31, 2022	86,260.44	30,130.00	80,961.89	55,698.46	253,050.79
Amount transferred to statutory reserves	-	-	3,474.61	(3,474.61)	-
Amount transferred to reserve for contingencies	-	-	1.00	(1.00)	-
Reserve for general provision on loans and advances	-	-	2,607.27	-	2,607.27
	86,260.44	30,130.00	87,044.77	52,222.85	255,658.06
Total comprehensive income for the year					
Profit for the year	-	-	-	11,291.17	11,291.17
Balance at March 31, 2023	86,260.44	30,130.00	87,044.77	63,514.02	266,949.23

The accompanying notes form part of the financial statements

YOMA BANK LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2023**

<i>In millions</i>	For the year ended March 31, 2023	For the six-month period ended March 31, 2022
	MMK	MMK
Cash flows from operating activities		
Profit before tax	15,149.11	6,719.20
Adjustment for:		
Depreciation and amortisation	6,613.53	2,934.41
Interest from investment securities	(71,062.44)	(20,818.85)
Allowance/ (Write-back) for impairment on loans and advances, net	8,190.11	(3,416.76)
Allowance/ (Write-back) for impairment on repossessed properties	6,471.48	(325.84)
(Write-back)/ Allowance on restructured loans and advances	(21,110.98)	756.54
Write-offs/Reclassification of property and equipment and software, licenses and rights	356.74	80.42
Dividend income	(2.26)	(3.39)
Gain on disposal of property and equipment	(399.70)	(2.17)
2% general provision on loans and advances	2,607.27	-
Operating cash flows before movements in working capital	(53,187.14)	(14,076.44)
Movements in working capital:		
Interbank placements	(64,475.00)	6,258.00
Loans and advances, net	(463,754.25)	44,518.66
Other assets	(58,697.36)	3,306.36
Due to non-bank customers and interbank deposits	725,602.80	351,500.82
Interbank borrowings	10,717.00	(42,004.60)
Funds restricted for LIFT-AFP	-	(982.67)
Accruals and other liabilities	4,164.66	(3,997.28)
Cash generated from operations	100,370.71	344,522.85
Dividends received	2.26	3.39
Income tax paid	(459.97)	-
Net cash provided by operating activities	99,913.00	344,526.24
Cash flows from investing activities		
Acquisition of property and equipment	(122,514.95)	(6,325.61)
Acquisition of software, licenses and rights	(677.77)	(755.28)
Acquisition of investment securities	(980,868.96)	(390,112.24)
Proceeds from disposal of investment securities	835,440.00	276,000.00
Interest income received from investment securities	38,075.25	13,559.50
Proceeds from disposal of property and equipment	403.26	2.80
Net cash (used in) investing activities	(230,143.17)	(107,630.83)
Net (decrease)/increase in cash and cash equivalents	(130,230.17)	236,895.41
Cash and cash equivalents at beginning of the year/ period	747,134.65	510,239.24
Cash and cash equivalents at end of the year/ period (Note 8)	616,904.48	747,134.65

The accompanying notes form part of the financial statements

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

1. GENERAL

Yoma Bank Limited (the "Bank") is a private company which was incorporated in Myanmar on May 19, 1993 under The Myanmar Companies Act. The Bank was re-registered at Directorate of Investment and Company Administration with the company registration no. 193771947 under the Myanmar Companies Law 2017. Its holding company is First Myanmar Investment Public Co., Ltd, also incorporated in Myanmar and is listed on the Yangon Stock Exchange on March 25, 2016. The Bank was permitted to carry out banking business under License No. MaVaBa/P - 5/(7) 1993 issued by the Central Bank of Myanmar ("CBM") according to Section 57 of the Central Bank of Myanmar Law. The principal activities of the Bank are to carry out all business undertakings provided in the Financial Institution Law 2016 ("FIL 2016") Section 52, in accordance with the CBM. The Bank renewed its Authorised Dealer License with license no. CBM-FEMD-95/2013 with the CBM.

The registered office of the Bank is located at No. 14, Kyaik Khauk Pagoda Road, Star City, Thanlyin Township, Yangon, Myanmar.

There have been no significant changes in the nature of the principal activities during the financial period. The financial statements are expressed in Myanmar Kyats ("MMK") and all values are presented in million, except otherwise stated.

The financial statements of the Bank for the year ended March 31, 2023 were authorised for issue by the Board of Directors on May 31, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The financial statements have been prepared in accordance with the provisions of the Myanmar Companies Law (the "Law") and Myanmar Financial Reporting Standards ("MFRSs") as issued by the Myanmar Accountancy Council ("MAC") and as modified by the provisions of the FIL 2016 (collectively known as "the Regulations"). Should there be any conflict among the Regulations, the provisions of the FIL 2016, including notifications and instructions issued by CBM, will take precedence over MFRSs pursuant to Section 175 of the FIL 2016. Please refer to Notes 2.4.4, 2.4.5 and 2.13 for further details, where the requirements of CBM, which take precedence, were applied in respect of fair valuation of available-for-sale equity investments, impairment of loans and advances and fair valuation of land and buildings, respectively.

2.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for the revaluation of certain land and buildings, and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Bank takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

2.3 Financial instruments

Financial assets and financial liabilities are recognised on the Bank's statement of financial position when the Bank becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.3.1 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income are recognised on an effective interest basis for debt instruments other than those financial assets and liabilities classified as at Fair Value Through Profit or Loss ("FVTPL").

2.4 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at Fair Value Through Profit or Loss' ("FVTPL"), 'Held-To-Maturity' investments, 'Available-For-Sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

2.4.1 Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Bank manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

2.4 Financial assets (CONT'D)

2.4.1 Financial assets at FVTPL (CONT'D)

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Bank's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and MAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income' and 'other expenses' line items. Fair value is determined in the manner described in Note 4.2.

2.4.2 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Bank has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

2.4.3 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including loan and advances, cash on hand and at banks and interbank placements) are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

2.4.4 Available-for-sale financial assets (AFS financial assets)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Available-for-sale financial assets are subsequently carried at fair value if the fair value can be reliably estimated using valuation techniques supported by observable market data, otherwise, those assets will be carried at cost less impairment loss.

Fair value changes to be recorded for available-for-sale financial assets are subject to approval from the CBM. The Bank is currently holding these investment securities at cost and if revaluation were to be made, the Bank will seek approval from the CBM on measuring certain available-for-sale financial assets at fair value based on applicable observable market data.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

2.4 Financial assets (CONT'D)

2.4.5 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for financial assets of loans and advances, where the carrying amount is reduced through the use of an allowance account. When loans and advances are considered uncollectable, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets carried at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

2.4 Financial assets (CONT'D)

2.4.5 Impairment of financial assets (CONT'D)

2.4.5.1 *Specific provision on loans and advances*

The Bank reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the statement of profit or loss and other comprehensive income. In accordance with the new CBM notification No. 17/2017, Asset Classification and Provisioning dated July 7, 2017, the Bank determines the impairment loss for loans and advances as follows:

Days past due	Classification	Provision on shortfall in security value
30 days past due	Standard	0%
31 – 60 days past due	Watch	5%
61 – 90 days past due	Substandard	25%
91 – 180 days past due	Doubtful	50%
Over 180 days past due	Loss	100%

The above is only a minimum requirement and management may provide additional provision over and above the minimum requirement.

Effective October 3, 2019, the Bank adopted a stricter provision policy for Digital Credit loans due to the fact that these are unsecured credits. Accordingly, the provision rate applied for Digital Credit loans are as follows:

Days past due	Classification	Provision on shortfall in security value
1 to 30 days past due	Standard	10%
31 to 60 days past due	Watch	25%
61 to 90 days past due	Substandard	50%
91 to 180 days past due	Doubtful	100%
Over 180 days past due	Loss	100%

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

2.4 Financial assets (CONT'D)

2.4.5.2 Specific provision for restructured loan portfolios

The Bank has launched 'Customer Assist Program' for all performing loans which are less than 90 days past due upon borrowers application basis. Only borrowers with outstanding exposures less than 90 days past due are eligible for this program. Borrowers under this program are offered either principal repayment reduction ("principal reduced"), suspension of principal repayment while only serving interest ("principle paused") or suspension of principal and interest repayment for a period of time ("principal and interest paused"). The 'Short-term Relief Program' was offered until December 31, 2021. After the 'Short-term Relief Program', significant number of customers has gone back to normal repayment. However, some of the customers are moving on to the 'Medium-term Relief Program' with majority in principle repayment reduction ("principal reduced"), and very few customers in suspension of principal and interest repayment ("principal and interest paused"). By using all available information and customers' behavior from past relief programs, the Bank has performed the meticulous assessment to determine additional provision required on borrowers under the 'Customer Asssit Program' due to the uncertainty brought about by the current situations in Myanmar.

Additionally, the Bank has assessed the credit standing of large individual exposures individually by taking into account of their current business condition and potential recovery to appropriately recognise impairment and provisioning for these accounts.

Accordingly, management has applied the following provision rates for financial assets under the program. The provision rates applied for financial assets which are current, 1 to 30 days past due and 31 to 60 days past due are higher than the provision rates stipulated by CBM notification No. 17/2017, Asset Classification and Provisioning as laid out under 2.4.5.1; while the provision rates applied for financial assets which are 61 to 90 days past due, 91 to 180 days past due and over 180 days past due remain the same as per CBM.

Days past due	Classification	Provision on shortfall in security value		
		Principal reduced	Principal paused	Principal and Interest paused
Current	Current	5%	10%	25%
1 to 30 days past due	Standard	5%	10%	25%
31 to 60 days past due	Watch	5%	10%	25%

General provision on loans and advances

Pursuant to CBM Notification No. 17/2017, Asset Classification and Provisioning Regulations and Letter No.2621/ Ka Ka(1)/3/507/2018-2019 dated May 10, 2019, the Bank is required to maintain a general loan loss reserve equivalent to 2% of the total outstanding loans and advances with a corresponding charge to profit or loss.

2.4.6 Derecognition of financial assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

2.4 Financial assets (CONT'D)

2.4.7 Write-off

Financial assets written off are charged to specific provision when the Bank has no reasonable expectation of recovering the asset. Subsequent recoveries are recognised in profit or loss. Financial assets written off may still be subject to enforcement activities under the Bank's recovery procedures, taking into account legal advice where appropriate.

2.5 Financial liabilities and equity instruments

2.5.1 Classification as debt or equity

Financial liabilities and equity instruments issued by the Bank are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

2.5.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Bank are recognised at the proceeds received, net of direct issue costs.

2.6 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

2.6.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Bank manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

2.6 Financial liabilities (CONT'D)

2.6.1 Financial liabilities at FVTPL (CONT'D)

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Bank's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and MAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other income' and 'other expenses' line items. Fair value is determined in the manner described in Note 4.2.

2.6.2 Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

2.6.3 Derecognition of financial liabilities

The Bank derecognises financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.6.4 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when the Bank currently has a legally enforceable right to set off the recognised amount and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.7 Cash and cash equivalents in the statement of cash flows

Cash and cash equivalents in the statement of cash flows comprise of cash on hand, cash balances with banks, non-restricted current accounts with CBM and interbank placements with maturity of three months or less from the date of acquisition that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.8 Revenue recognition

2.8.1 Interest income and expense

Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at FVTPL. In accordance to the CBM Notification No. 17/2017 Assets Classification and Provisioning Regulations, all interest income from non-performing loans are suspended and recorded under "Other assets" and shall only be recognised as income when the interest has been collected by the Bank.

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

2.8 Revenue recognition (CONT'D)

2.8.2 Fees and commission income

Fees and commission, except for insurance commission income are generally recognised on an accrual basis when the service has been provided. This includes loan and overdraft fees, commissions from hire purchase - AFP, remittance fees, trade finance fees and others.

2.8.3 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.9 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2.9.1 The Bank as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.10 Foreign currency transactions and translation

The financial statements of the Bank are measured and presented in the currency of the primary economic environment in which the Bank operates (its functional currency). The functional currency of the Bank is assessed to be the Myanmar Kyat by management.

In preparing the financial statements for the Bank, transactions in currencies other than the Bank's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting year, monetary items denominated in foreign currencies are retranslated at the rates according to CBM's directive of year-end closing exchange rate, which is issued on March 30, 2023 (2022: rate prevailing as at period end). Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the year/ period.

2.11 Employee benefits

2.11.1 Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

2.11 Employee benefits (CONT'D)

2.11.2 Defined contribution plan

Eligible employees may participate in the Bank's defined contribution plan under which the Bank pays fixed contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Bank has no further payment obligations once the contributions have been paid. The employer's contributions are recognised in "Personnel expense" when the employer's contributions are made and when benefits are paid.

2.11.3 Share-based payment arrangement

The Bank issues cash-settled share-based payments to certain employees.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the period.

2.12 Taxation

Income tax expense represents the tax currently payable.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Bank's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current tax is recognised as an expense in profit or loss.

2.13 Property and equipment

Property and equipment, other than land and buildings, are stated at historical cost less accumulated depreciation and accumulated impairment in value, following the cost model.

With effect from September 2020, the Bank applied the CBM approved revaluation model for its land and buildings where fair values of land and buildings are as determined and approved by CBM. Future revaluations will be made based on fair values as determined and approved by CBM.

Pursuant to CBM Instruction No. 3954/AA(1)/3/797/2018-2019 dated September 23, 2019, total revaluation gain on land and buildings was determined by taking 40% of the difference between the carrying amount and the average of the fair value determined by an independent appraiser as at January 2018 and the Inland Revenue Office.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Changes in the expected useful lives are accounted for by changing the depreciation period or method, as appropriate, and treated as changes in accounting estimates.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

2.13 Property and equipment (CONT'D)

Category	Rate
Immovable property – Building	1.25%
Office equipment	10.00% - 20.00%
Furniture and fitting	5.00%
Motor vehicle	12.50%
Leasehold improvements	20.00%

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Property and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the impairment loss is recognised in profit or loss.

Properties in the course of construction are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Bank's accounting policy. Such properties are classified and included in the respective categories of property and equipment. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The gain or loss arising on disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

2.14 Software, licenses and rights

Software, licenses and rights are carried at cost less accumulated amortisation and allowance for impairment loss (if any). Software, licenses and rights with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the software, licenses and rights may be impaired. The estimated useful life and the amortisation method of such software, licenses and rights are reviewed at least at each year-end. The amortisation expense is recognised in profit or loss.

Software, licenses and rights with finite useful lives include computer software which have an estimated useful life of 5 years, and licenses which have an estimated useful life of 10 years.

2.15 Impairment of non-financial assets

At the end of each reporting period, the Bank reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Bank estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.16 Provisions

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event and it is probable that the Bank will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

2.17 Deferred revenue from performance and trade guarantees

In the ordinary course of business, the Bank gives guarantees, consisting of letters of credit, guarantees and acceptances. Deferred revenue is initially recognised, for the commission received in advance, from the guarantees offered to the customer in the financial statements (within "Accruals and other liabilities") at fair value. Subsequent to initial recognition, the Bank's liability is measured at the higher of the amount initially recognised less, when appropriate, cumulative amortisation recognised in the statement of profit or loss and other comprehensive income, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

The commission received is recognised in profit or loss under "Fees and commission income" on a straight-line basis over the life of the guarantee.

2.18 Adoption of new and revised standards

There have been no new/revised MFRSs and Interpretations of MFRSs adopted by the Myanmar Accountancy Council during the period.

In March 2023, MAC issued Notifications No. 16/2023 requiring the adoption of International Financial Reporting Standards ("IFRS") by Public Interest Entities ("PIE") and either IFRS or IFRS for Small and Medium Sized-Entities ("IFRS for SMEs") by non-PIE, respectively, from fiscal period 2027-2028.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Bank's accounting policies, which are described in Note 2, the directors of the Bank are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying accounting policies

In the process of applying the Bank's accounting policies, which are described in Note 2 to the financial statements, the management did not make any critical judgements that have a significant effect on the amount recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year.

3.2 Key sources of estimation uncertainty (CONT'D)

3.2.1 Impairment losses on loans and advances

The Bank reviews its loans and advances to assess impairment on a regular basis. In determining whether an impairment loss should be recorded in profit or loss, management exercises judgement on whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the loan before the decrease can be identified within an individual loan. The Bank recognises an impairment loss equivalent to the security shortfall of each individual loan, in accordance with the requirement under the CBM Notification No. 17/2017 including its annexure on the criteria for the valuation of security and collateral.

The net carrying amount of loans and advances at the end of the reporting period was MMK 2,107,723.85 million (March 31, 2022: MMK 1,631,048.73 million) after impairment losses on loans and advances of MMK 42,018.16 million (March 31, 2022: MMK 69,463.55 million) were recognised. Details of the impairment losses on loans and advances are provided in Note 10 to the financial statements.

3.2.2 Specific provision for restructured loan portfolios

In view of the current situation in Myanmar where banking operations and repayment channels are disrupted, the Bank launched 'Customer Assist Program' for all performing loans which are less than 90 days past due upon borrowers application basis. Borrowers under this program are allowed to defer either principal and/or interest repayment or principal reduction based on the type of pause programs. 'Short-term Relief Program' was offered until December 31, 2021. After the 'Short-term Relief Program', significant number of customers has gone back to normal repayment. However, some of the customers are moving on to the 'Medium-term Relief Program'. The Bank evaluated the possible losses for financial assets under the program by taking into account past events, current conditions/trends and economic outlooks and has applied additional provision rates for these borrowers as they are deemed of higher risks. The additional provision rates are disclosed under Note 2.4.5.2.

The reversal amount of specific provision on restructured loan portfolio at the end of the reporting period was MMK 21,110.98 million (March 31, 2022: allowance of MMK 756.54 million). Details of the specific provision for restructured loan portfolios are provided in Note 10 to the financial statements.

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

3.2 Key sources of estimation uncertainty (CONT'D)

3.2.3 Uncertain tax positions

The Bank is subject to income taxes in Myanmar. In determining income tax liabilities, management is required to estimate the amount of 2% general loan loss provision and the deductibility of certain expenses ("uncertain tax positions").

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Bank recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, the Bank makes adjustment for such differences in the income tax of the period in which such determination is made.

4. FINANCIAL INSTRUMENTS

4.1 Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period.

<i>In millions</i>	<u>March 31, 2023</u>	<u>March 31, 2022</u>
	MMK	MMK
Financial Assets		
<u>Loans and receivables:</u>		
Cash on hand and at banks	590,262.48	731,134.65
Interbank placements	96,117.00	21,000.00
Loans and advances, net	2,107,723.85	1,631,048.73
Other assets	39,230.11	21,038.36
<u>Available for sale investments:</u>		
Investment securities	790,625.34	613,414.08
	<u>3,623,958.78</u>	<u>3,017,635.82</u>
<i>In millions</i>	<u>March 31, 2023</u>	<u>March 31, 2022</u>
	MMK	MMK
Financial Liabilities		
<u>Other financial liabilities at amortised cost:</u>		
Due to non-bank customers	3,508,448.41	2,783,344.27
Interbank deposits	1,449.08	950.41
Interbank borrowings	30,275.00	19,558.00
Accruals and other liabilities	43,543.90	38,369.46
	<u>3,583,716.39</u>	<u>2,842,222.14</u>

4.2 Fair value of financial assets and liabilities

Financial instruments comprise financial assets and financial liabilities. The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The unquoted equity investments classified as available-for-sale, are carried at cost, less impairment because the fair value cannot be reliably estimated using valuation techniques supported by observable market data determined.

Management considers that the carrying amounts of the financial assets and liabilities of the Bank recorded as amortised cost in the financial statements approximates their fair value, due to the relative short-term maturity of those financial instruments or the interest rate is frequently reviewed.

5. FINANCIAL RISK MANAGEMENT

The Bank's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Bank's business while managing its risks. The Bank's activities are principally related to extending loans and advances, accepting deposits and carrying out transactions. These expose the Bank to a variety of financial risks, including foreign exchange risk, interest rate risk, credit risk and liquidity risk.

Managing these financial risks forms an integral part of the Bank's business. The Bank adopts the risk management set out in accordance to the risk appetite of the Bank, which encompass a variety of controls and reporting processes. These not only include risk parameters for the various financial instruments that the Bank may undertake, but also directions on the types of business that the Bank may engage in, guidelines for the acceptance of customers for all types of financial instruments and terms under which customer business is conducted.

The Bank's Board of Directors have delegated operational authority for asset/liability management and managing of market risks to the Asset/Liability Committee ("ALCO"). The ALCO seeks to identify, measure, and manage the key risk exposures to market prices, interest rates, foreign exchange rates, liquidity and capital adequacy within the Bank's desired risk appetite in accordance with the Bank's Asset Liability Management ("ALM") policy.

The Bank believes that it has effective processes in place to identify, measure, monitor and ultimately, mitigate these financial risks. There has been no change to the Bank's exposure to these financial risks or the manner in which it manages and measures the risk.

5.1 Credit Risk

Credit risk is the risk of financial loss that results from customers failing to meet their obligations. Credit risk arises primarily from lending activities and represents the major risk of the Bank. The Board of Directors of the Bank approves major policies and limits that govern monitoring of the credit risk. The Board of Directors delegates authority to the Credit Committee for overseeing the credit risk of the Bank. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk acceptable in relation to one borrower, or group of borrowers and industry segments. Such risks are monitored on a regular basis and are subject to annual or more frequent review. Limits on the single customer, by group of customers and by industry sectors were adopted by the Bank for monitoring of the credit risks.

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for loans and advances, which is a common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances include charges over land and buildings, equipment, contract financing, guarantees, project contracting and residential properties.

All credit lending to non-bank customers are generally secured. In addition, in order to minimise credit loss, the Bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

The fair value of collateral is valued by an independent assessor is based on valuation techniques commonly used for the corresponding assets, done before the inception of the loan and advances. Loans are usually given between the margins of 50% to 70% of the Forced Sale Value, which is also independently estimated. There is periodic revaluation of the collaterals in subsequent periods and at the renewal/roll-over of a loan, the customer is questioned about any changes to the collateral at which point the need for a reappraisal will be decided.

The credit risk management and control are centralised with the Credit Committee, which reports to the Board of Directors on a monthly basis. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

The Bank's policy requires the review of individual credit facility on a periodic basis or when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss on a case-by-case basis and subject to the approval of Credit Committee.

Credit-related commitments risks

The Bank makes available to its customers guarantees that may require that the Bank makes payment on their behalf and enters into commitments to extend credit lines to secure their liquidity needs. Letters of credit and guarantees commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Such commitments expose the Bank to similar risks to loans and are mitigated by the same control processes and policies.

YOMA BANK LIMITED**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023****5.1 Credit Risk (CONT'D)**Maximum exposure to credit risk

The following table presents the Bank's maximum exposure to credit risk at the end of the reporting period in respect of on-balance sheet and off-balance sheet financial instruments, without taking into account the value of any collateral or other security held, in the event the counterparties fail to perform their obligations. The maximum exposure to credit risk to on-balance sheet is the carrying amount of these instruments as reported in the statement of financial position. For contingent liabilities, the maximum exposure to credit risk is the maximum amount the Bank would have to pay if the obligations of the instruments issued are called upon. For commitments, the maximum exposure to credit risk is the full amount of undrawn credit facilities granted to customers.

<i>In millions</i>	March 31, 2023	March 31, 2022
	MMK	MMK
Cash at banks	329,012.87	222,370.19
Interbank placements	96,117.00	21,000.00
Investment securities	790,625.34	613,414.08
Loan and advances, net	2,107,723.85	1,631,048.73
Other assets	39,230.11	21,038.36
Off-balance sheet		
Contingent liabilities	41,806.17	38,158.68
Undrawn loan commitments	160,753.50	118,156.63
Total maximum exposure to credit risk	<u>3,565,268.84</u>	<u>2,665,186.67</u>

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

5.1 Credit Risk (CONT'D)

Collateral and other credit enhancements

In respect of the Bank's deposits with other banks, the Bank considers the exposure to credit risk to be low as these deposits are placed with credit-worthy financial institutions.

The Bank seeks to use collateral to mitigate its risks on financial assets. The collateral comes in various forms such as cash, real estate, inventories, and other non-financial assets. The fair value of collateral is generally assessed, at a minimum, at inception and based on the Bank's statutory reporting schedule.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Non-financial collateral, such as real estate, is valued based on data provided by approved third party property assessors or other independent sources.

Where collaterals are repossessed, the Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value or fair value less cost to sell for non-financial assets at the repossession date in line with the Bank's policy.

As at March 31, 2023 and 2022, the fair value of collateral that the Bank holds relating to impaired loans with specific provision under the Loss category amounts to MMK 161.11 billion and MMK 101.89 billion, respectively.

Credit risk by industry

The following table sets out the Bank's loan and advances based on the exposure by industry as at the end of the reporting period:

<i>In millions</i>	March 31, 2023	March 31, 2022
	MMK	MMK
Trading	769,769.61	556,080.90
Manufacturing	552,464.40	359,333.75
Service	332,013.57	278,444.07
General & hire purchase	171,948.47	156,904.71
Housing loan	155,922.22	149,311.15
Trade finance	67,390.33	100,531.60
Agricultural	34,576.88	25,648.15
Construction	34,819.40	37,881.03
Transportation	28,016.26	26,492.43
Digital credit	5,672.72	11,388.69
Total	2,152,593.86	1,702,016.48
Partial payments on NPLs	(2,851.85)	(1,504.20)
Specific allowance	(42,018.16)	(69,463.55)
	<u>2,107,723.85</u>	<u>1,631,048.73</u>

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

5.1 Credit Risk (CONT'D)

<i>In millions</i>	March 31, 2023	March 31, 2022
	MMK	MMK
Undrawn loan commitments:		
Trade finance	101,663.70	67,930.53
Trading	27,725.22	22,270.28
Manufacturing	19,679.57	15,765.06
Service	7,031.50	7,197.93
Agricultural	2,332.99	3,193.27
Construction	1,860.37	1,372.98
Transportation	460.15	426.58
	<u>160,753.50</u>	<u>118,156.63</u>

Credit quality of loans and advances

The Bank adopts an internally developed credit rating scale, which generally corresponds to the classification set out in the CBM Notification No. 17/2017 *Asset Classification and Provisioning Regulations*. The following table sets out the credit classification of the Bank's loans and advances as at March 31, 2023 and March 31, 2022.

<i>In millions</i>	March 31, 2023	March 31, 2022
	MMK	MMK
Neither past due nor impaired	<u>1,800,550.17</u>	<u>1,100,191.51</u>
Past due but not impaired		
Standard	56,123.00	67,707.93
Watch	17,497.99	22,003.21
Substandard	6,341.43	9,311.53
Doubtful	2,469.88	12,679.34
Loss	125,680.91	69,984.45
Total past due but not impaired	<u>208,113.21</u>	<u>181,686.46</u>
Loans with specific provision		
Standard	96,142.04	184,868.40
Watch	4,378.49	50,703.97
Substandard	3,289.89	17,520.89
Doubtful	3,629.61	26,903.12
Loss	36,490.45	140,142.13
Total loans with specific provision	<u>143,930.48</u>	<u>420,138.51</u>
	<u>2,152,593.86</u>	<u>1,702,016.48</u>

All other financial assets are neither past due nor impaired as of reporting date.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

5.2 Liquidity Risk

Liquidity risk is the risk that the Bank is unable to meet its obligations when they fall due as a result of customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows, such as debt maturities or margin calls for derivatives. Such outflows would deplete available cash resources for client lending, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the statement of financial position and sales of assets, or potentially an inability to fulfil lending commitments. The risk that the Bank will be specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

It is unusual for any bank to completely match the maturity profile of its assets and liabilities since business transacted is often of different terms and of different types. Therefore, controlled mismatching of the maturities of assets and liabilities is fundamental to the management of liquidity of the Bank.

The objective of liquidity risk management is to ensure that the Bank has the ability to generate sufficient cash or its equivalents, in a timely and cost effectively manner, to meet its commitments as they fall due.

As part of its liquidity risk management framework set by CBM regulations and the ALCO, the Bank is required to maintain adequate liquid assets to manage its short-term liquidity. The Bank relies for its short-term liquidity on investments in government securities, interbank placements and holding cash reserves. This serves to ensure full cash inflows are available to meet customer withdrawals upon maturity or earlier.

The tables below set out the remaining contractual maturities of the Bank's non-derivative financial assets and financial liabilities on an undiscounted basis.

<i>In millions</i>	March 31, 2023			
	Less than 1 Year	More than 1 Year	No specific for maturity	Total
	MMK	MMK	MMK	MMK
Non-derivative financial assets				
Cash on hand and at banks	329,012.87	-	261,249.61	590,262.48
Interbank placements	96,117.00	-	-	96,117.00
Loans and advances, net	2,107,723.85	-	-	2,107,723.85
Investment securities	487,661.33	300,333.24	2,630.77	790,625.34
Other assets	39,134.74	95.37	-	39,230.11
Total	3,059,649.79	300,428.61	263,880.38	3,623,958.78
Non-derivative financial liabilities				
Due to non-bank customers	3,508,448.41	-	-	3,508,448.41
Interbank liabilities	1,449.08	-	-	1,449.08
Interbank borrowings	30,275.00	-	-	30,275.00
Accruals and other liabilities	43,543.90	-	-	43,543.90
Total	3,583,716.39	-	-	3,583,716.39

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

5.2 Liquidity Risk(CONT'D)

<i>In millions</i>	March 31, 2022			
	Less than 1 Year	More than 1 Year	No specific for maturity	Total
	MMK	MMK	MMK	MMK
Non-derivative financial assets				
Cash on hand and at banks	222,370.19	-	508,764.46	731,134.65
Interbank placements	21,000.00	-	-	21,000.00
Loans and advances, net	1,631,048.73	-	-	1,631,048.73
Investment securities	390,044.24	220,740.19	2,629.65	613,414.08
Other assets	20,225.55	812.81	-	21,038.36
Total	2,284,688.71	221,553.00	511,394.11	3,017,635.82
Non-derivative financial liabilities				
Due to non-bank customers	2,783,344.27	-	-	2,783,344.27
Interbank liabilities	950.41	-	-	950.41
Interbank borrowings	19,558.00	-	-	19,558.00
Accruals and other liabilities	38,369.46	-	-	38,369.46
Total	2,842,222.14	-	-	2,842,222.14

The Bank monitors and maintains a level of bank balances deemed adequate by the directors to finance the operation and mitigate the effects of fluctuation in cash flow. In addition, the Bank maintains a statutory deposit with the CBM which should not be less than 3% of deposits (Note 8). The Bank regularly monitors its liquidity position to ensure also compliance with the 70% to 80% loan to deposit ratio (with upper limit of 80% for strict compliance) as mandated by the CBM as per Financial Institution Supervision Department ("FISD") Instruction No. (1/2008). The loan to deposit ratios during the year are as follows:

	March 31, 2023	March 31, 2022
Year-end	61.33%	61.13%
Maximum	62.83%	71.13%
Minimum	54.75%	61.13%
Average	58.81%	66.06%

The Bank's liquidity ratios as of March 31, 2023 and 2022 were 45.76% and 54.08% , respectively, and hence more than 20% requirement of the CBM as per Notification No. (19/2017).

On March 21, 2022, CBM has issued Instruction No. 02/2022 for the temporary amendment in percentage of securities with more than one year maturity to be increased from 50% to 100% in the calculation method of liquidity ratio, and is effective from April 1, 2022 until March 31, 2023. As at March 31, 2023, the Bank is in compliance with the said instruction.

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

5.3 Interest Rate Risk

Interest rate risk arises from the potential change in interest rates which may have an adverse effect on the net interest income of the Bank in the current reporting period, and/or future periods. Interest rate risk arises from the structure and characteristics of the Bank's assets and liabilities, and in the mismatch in repricing dates of its assets and liabilities.

The Bank is not significantly exposed to interest rate risk since all of its financial assets and liabilities are subject to fixed interest rates. No sensitivity analysis is prepared as the Bank does not expect any material effect on the Bank's profit or loss and equity arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

5.4 Foreign Exchange Risk

Foreign currency risk arises from the exposure to the effects of fluctuation in the prevailing foreign currency exchange rates to earnings and economic value of foreign currency assets and liabilities. The Bank's foreign exchange exposures comprise of trading and non-trading. Non-trading foreign exchange exposures are principally derived from international banking business.

Foreign exchange risk is managed through policies and risk limits such as exposure by currency, which are regularly monitored by the ALCO of the Bank.

Presented below is the Net Open Position (NOP) of the Bank as of March 31, 2023 and 2022, respectively, based on CBM's instruction No. (06/2019) dated February 11, 2019.

<i>In millions</i>	March 31, 2023		
	Assets	Liabilities	Net open position
	MMK	MMK	MMK
United States Dollar	244,356.59	210,032.98	34,323.61
Euro	6,058.57	2,085.51	3,973.06
Singapore Dollar	997.06	11.49	985.57
Japanese Yen	141.14	0.37	140.77
Others	4,824.05	364.90	4,459.15
Total	256,377.41	212,495.25	43,882.16

Total Tier I capital 212,719.81

<i>In millions</i>	March 31, 2022		
	Assets	Liabilities	Net open position
	MMK	MMK	MMK
United States Dollar	196,106.69	182,658.82	13,447.87
Euro	2,963.63	2,862.62	101.01
Singapore Dollar	281.68	19.42	262.26
Japanese Yen	101.35	0.34	101.01
Others	6.89	0.11	6.78
Total	199,460.24	185,541.31	13,918.93

Total Tier I capital 201,429.64

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

5.4 Foreign exchange risk (CONT'D)

NOP ratios as a percentage of Tier I capital as of March 31, 2023 and 2022 are as follows:

	<u>March 31, 2023</u>	<u>March 31, 2022</u>
NOP ratio	20.63%	6.91%

Currency sensitivity

The following table details the sensitivity to a change in the relevant foreign currencies against the functional currency of the Bank. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusted for their translation at the period end for the change in foreign currency rates below.

The following table sets out the increase (decrease) to the Bank's profit before tax arising from a 10% appreciation of the relevant foreign currency against the functional currency of the Bank. A 10% depreciation will have the opposite impact to the Bank's profit before tax.

<i>In millions</i>	<u>March 31, 2023</u>	<u>March 31, 2022</u>
	MMK	MMK
USD	3,432.36	1,344.78
EUR	397.31	10.10
SGD	98.56	26.23
JPY	14.08	10.10
Others	445.91	0.68

The analysis calculates the effect of a reasonably possible movement of the currency rate against MMK, with all other variables held constant on profit before tax. A negative amount reflects a potential net reduction in profit before tax while a positive amount reflects a net potential increase. There is no other impact on the Bank's equity other than those already affecting the profit or loss.

5.5 Operational Risk

Operational risk which is inherent in all business activities, is the potential for financial loss and business instability arising from failures in internal controls, operational processes or the systems that support them.

The goal of operational risk management is to balance cost and risk within the constraints of the risk appetite of the Bank and to be consistent with the prudent management required of a large financial organisation.

It is recognised that such risks can never be entirely eliminated and that the cost of controls in minimising these risks may outweigh the potential benefits. Accordingly, the Bank continues to invest in risk management and mitigation such as business continuity management and incident management. In reinforcing the implementation of the Bank's risk strategy, independent checks on risk issues are undertaken by the internal audit function.

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

5.6 Legal and Compliance Risk

Legal risk is the risk that the business activities of the Bank have unintended or unexpected legal consequences. It includes risk arising from:

- Inadequate documentation, legal or regulatory incapacity, insufficient authority of a counterparty and uncertainty about the validity or enforceability of a contract in counterparty insolvency. Actual or potential violations of law or regulation (including activity unauthorised for a bank and which may attract a civil or criminal fine or penalty);
- Failure to protect the Bank's property; possibility of civil claims (including acts or other events which may lead to litigation or other disputes); and loss or increased charges associated with changes in, or errors in the interpretation of, taxation rates or law.

Compliance risk arises from a failure or inability to comply with the laws, regulations or codes applicable to the financial services industry. Non-compliance can lead to fines, public reprimands, and enforced suspension of operations or, in extreme cases, withdrawal of authorisation to operate.

The Bank identifies and manages legal and compliance risk through effective use of its internal and external legal and compliance advisers.

6. CAPITAL MANAGEMENT

The objectives of the Bank's capital management are to maintain an optimal level of capital, which is adequate to support business growth, commensurate with the Bank's risk profile and meet the regulatory requirements. The management of capital funds is centralised in the Treasury department and monitored daily by the Finance department.

<i>In millions</i>	March 31, 2023 MMK	March 31, 2022 MMK
Tier 1 capital	212,719.81	201,429.64
Less: Related Party lending	15,156.79	25,110.60
Total Tier 1 Capital	197,563.02	176,319.04
Tier 2 capital	38,858.19	31,046.81
Total capital	236,421.21	207,365.85
Risk weighted assets	2,220,290.37	1,595,379.98
Tier 1 capital ratio	8.90%	11.05%
Capital adequacy ratio (CAR)	10.65%	13.00%
Minimum tier 1 CAR	4.00%	4.00%
Minimum regulatory CAR	8.00%	8.00%

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

6. CAPITAL MANAGEMENT (CONT'D)

On July 7, 2017, CBM has issued Instruction No. 16/2017 for the revised method of capital adequacy ratio calculation and its related components. The instruction has significantly increased the composition of the risk weighted assets subjecting most of the loans to 100% risk weight including the off-balance sheet items. In addition, for the capital components, general loss reserve on credit losses has been limited to the lower of 1.25% of the total risk weighted assets and 2% general loss reserve on credits. Total equity investment and related party lending are also removed from the capital calculation. The regulation is effective immediately from the date of the issuance.

As of March 31, 2023, the Bank is compliant with the CAR requirement as per CBM notification 16/2017 dated July 7, 2017.

The Bank's overall strategy for capital management remains unchanged from March 31, 2022.

7. RELATED PARTY TRANSACTIONS

Compensation of Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including any director (whether executive or otherwise) of the Bank.

The following table sets out the compensation for key management personnel of the Bank in exchange for services rendered to the Bank during the year/ period:

<i>In millions</i>	For the year ended March 31, 2023	For the six-month period ended March 31, 2022
	MMK	MMK
Salaries and other benefits	9,215.16	3,287.37

Transactions with Related Parties

For the purpose of these financial statements, parties are considered to be related to the Bank if the Bank has the ability, directly or indirectly, to control the party or exercise significant influences over the party in making financial and operating decisions, or vice versa, or where the Bank and the party are subject to common control or common significant influences. Related parties may be individuals or other entities.

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

7. RELATED PARTY TRANSACTIONS (CONT'D)

All related party transactions were made in the ordinary course of business on an arm's length basis. In addition to information disclosed elsewhere in the financial statements, the following tables set out other significant transactions and balances with related parties:

<i>In millions</i>	March 31, 2023	March 31, 2022
	MMK	MMK
Deposits	154,210.33	176,996.42
Performance Guarantee	13,904.70	7,839.20
Other receivables	8,301.94	-
Loans and advances	5,568.10	18,071.50

<i>In millions</i>	For the year ended March 31, 2023	For the six-month period ended March 31, 2022
	MMK	MMK
Other income	278.02	174.83

<i>In millions</i>	For the year ended March 31, 2023	For the six-month period ended March 31, 2022
	MMK	MMK
Interest expense on deposits	8,848.95	3,224.43
Rental expense	5,335.65	1,913.96
General and administrative expenses	1,109.86	204.27
Other expenses	263.98	124.75
Total expenses	15,558.44	5,467.41

Rental expenses were paid to the following:

<i>In millions</i>	For the year ended March 31, 2023	For the six-month period ended March 31, 2022
	MMK	MMK
Thanlyin Estate Development Limited	4,501.97	1,548.66
Yoma Fleet Limited	833.16	353.59
Star City International School Co., Ltd	0.52	-
FMI Garden Development Limited	-	10.71
Yoma Siloam Hospital Pun Hlaing Ltd	-	1.00
	5,335.65	1,913.96

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

7. RELATED PARTY TRANSACTIONS (CONT'D)

General and administrative expenses include various operational charges from the following:

<i>In millions</i>	For the year ended March 31, 2023	For the six-month period ended March 31, 2022
	MMK	MMK
Thanlyin Estate Development Limited	1,019.14	119.09
Memories Myanmar Travel Limited	24.91	-
Yoma Development Group Limited	22.10	-
Yoma Heavy Equipment Company Limited	12.02	-
Memories Myanmar F&B Management Company Limited	10.00	-
Hlaing River Golf & Country Club Co.,Ltd	9.45	-
Star City International School Company Limited	8.70	0.08
Yoma Fleet Ltd.	1.58	-
Pun Hlaing Lodge Hotel Management Limited	1.52	9.69
FMI Garden Development Limited	0.44	0.10
Pun Hlaing International Hospital Limited	-	72.80
Yoma Strategic Holding Limited	-	2.51
	<u>1,109.86</u>	<u>204.27</u>

Other expenses include charges from the following:

<i>In million</i>	For the year ended March 31, 2023	For the six-month period ended March 31, 2022
	MMK	MMK
Yoma Oue Pun Hlaing Hospital Limited	202.93	12.08
Star City International School Co., Ltd	60.13	-
Pun Hlaing Lodge Hotel Management Limited	0.92	-
Yoma Strategic Investments Ltd	-	111.47
Thanlyin Estate Development Ltd (Star City)	-	1.20
	<u>263.98</u>	<u>124.75</u>

Purchase of Fixed Assets include from the following:

<i>In millions</i>	For the year ended March 31, 2023	For the six-month period ended March 31, 2022
	MMK	MMK
Thanlyin Estate Development Ltd (Star City)	111,242.06	-
	<u>111,242.06</u>	

YOMA BANK LIMITED**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023****8. CASH ON HAND AND AT BANKS**

<i>In millions</i>	March 31, 2023	March 31, 2022
	MMK	MMK
Cash on hand	261,249.61	508,764.46
Cash and balances with CBM	170,730.54	144,300.81
Cash with banks and other financial institutions	158,282.33	78,069.38
	<u>590,262.48</u>	<u>731,134.65</u>

Pursuant to the CBM Notification No. 10/2015 on Minimum Reserve Requirement, the Bank is required to maintain a minimum reserve of 5% on total deposit balances for both local and foreign currency deposits. Effective from October 1, 2020 to March 31, 2021, the minimum reserve requirement was reduced to 3.5% for local currency pursuant to CBM Instruction No. 10/2020 dated September 22, 2020. During the six-month period ended March 31, 2022, CBM issued temporary amendment for Minimum Reserve Requirement Notification No. 13/2021 dated on October 07, 2021 to reduce 3% for local currency and to extend the effective period till March 29, 2022. On March 25, 2022, the effective period extend until March 31, 2023 by issuing the instruction 3/2022. As at March 31, 2023, the Bank's actual closing balance average of the reserve requirement cycle per CBM instruction from March 29, 2023 to April 25, 2023 is in compliance with the CBM minimum requirement.

Cash and cash equivalents at the end of the period as shown in the statement of cash flows can be reconciled to the related items as follows:

<i>In millions</i>	March 31, 2023	March 31, 2022
	MMK	MMK
Cash on hand and at banks	590,262.48	731,134.65
Interbank placements	26,642.00	16,000.00
	<u>616,904.48</u>	<u>747,134.65</u>

Interbank placements with maturity of three months or less from the date of acquisition are considered as cash equivalents since these are short-term, highly liquid placements that are readily convertible to known amount of cash and are subject to an insignificant risk of change in value.

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

9. INVESTMENT SECURITIES

<i>In millions</i>	March 31, 2023	March 31, 2022
	MMK	MMK
Available-for-sale investments at amortised cost:		
Myanmar Treasury bonds	462,270.23	320,010.58
Myanmar Treasury bills	325,724.34	290,773.85
	787,994.57	610,784.43
Unquoted equity share at cost:		
Investment in Digital Money Myanmar	2,364.93	2,364.93
Investment in Myanmar Payment Union	200.00	200.00
Investment in Myanmar ICT Development Corporation Limited (MICT)	56.50	56.50
Investment in SWIFT	8.30	7.18
Investment in Myanmar Credit Bureau	1.04	1.04
	790,625.34	613,414.08

<i>In millions</i>	March 31, 2023	March 31, 2022
	MMK	MMK
Current	490,292.10	392,673.89
Non-current	300,333.24	220,740.19

No impairment losses were incurred for the year ended March 31, 2023 (March 31, 2022: Nil).

Available-for-sale securities consists of government securities and unquoted equity investments.

The Bank has recognised dividend income from Myanmar ICT Development Corporation Limited amounting to MMK 2.26 million for the year ended March 31, 2023 (March 31, 2022: MMK 3.39 million).

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

10. LOANS AND ADVANCES, NET

<i>In millions</i>	March 31, 2023	March 31, 2022
	MMK	MMK
Demand loans	1,432,832.89	969,352.16
Overdrafts	318,826.67	314,528.18
Home loan	155,922.22	149,311.15
Hire purchase	153,234.96	119,062.67
Trade financing	67,390.33	100,531.60
Hire purchase – Agri Finance Product (AFP)	15,591.43	36,622.37
Digital credit	5,672.72	11,388.69
Staff loans	3,122.64	1,219.66
Loans and advances, gross	2,152,593.86	1,702,016.48
Less: partial payments on NPLs	(2,851.85)	(1,504.20)
Sub total	2,149,742.01	1,700,512.28
Less: Specific allowance		
Loans and advances per CBM regulation	(41,742.50)	(48,076.91)
Loans and advances on restructured program	(275.66)	(21,386.64)
Loans and advances, net	2,107,723.85	1,631,048.73

The specific allowance includes loans and advances and LIFT-AFP:

<i>In millions</i>	March 31, 2023	March 31, 2022
	MMK	MMK
Specific provision	41,307.33	63,268.50
LIFT-AFP	710.83	6,195.05
	42,018.16	69,463.55

Details of loans and advances allowance for impairment losses by collectability are as follows:

<i>In millions</i>	March 31, 2023		March 31, 2022	
	Principal	Specific Allowance	Principal	Specific Allowance
	MMK	MMK	MMK	MMK
Standard	1,952,815.21	253.17	1,352,767.84	4,382.50
Watch	21,876.48	149.31	72,707.19	1,883.96
Substandard	9,631.32	2,665.36	26,832.42	3,806.87
Doubtful	6,099.49	12,191.47	39,582.45	5,531.64
Loss	162,171.36	26,758.85	210,126.58	53,858.58
	2,152,593.86	42,018.16	1,702,016.48	69,463.55

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

10. LOANS AND ADVANCES, NET (CONT'D)

For the year ended March 31, 2023, the Bank has recorded specific provision on restructured loans and advances amounting to MMK 275.66 million (March 31, 2022: MMK 21,386.64 million).

A reconciliation of the specific allowance for impairment losses for the loans and advances is presented below. Total balance at the end of the period includes LIFT-AFP Fund balances amounting to MMK 0.71 billion and MMK 6.20 billion as of March 31, 2023 and 2022 respectively, which is to be held as a loan loss buffer, the money for which is provided by LIFT. As such, total specific provision for loans and advances, and other provision for restructured loans are MMK 41.31 billion and MMK 63.27 billion as of March 31, 2023 and 2022 respectively.

<i>In millions</i>	March 31, 2023	March 31, 2022
	MMK	MMK
Balance at beginning of year/period	69,463.55	82,872.65
Allowance/ (Write-back) for specific provision on loans and advances for the year/ period ⁽¹⁾	8,190.11	(3,416.76)
(Write-back)/ Allowance for specific provision on restructured loans and advances for the year/ period ⁽²⁾	(21,110.98)	756.54
Write-off during the year/ period	(13,303.44)	(9,914.60)
Adjustment for foreign exchange difference	4,263.14	(871.98)
Total allowance for impairment losses by collectability	47,502.38	69,425.85
Transferred to LIFT-AFP ⁽³⁾	(5,484.22)	37.70
Balance at end of year/period	42,018.16	69,463.55

⁽¹⁾ As at March 31, 2023, the Bank had provided an additional of specific provision amounting to MMK 8,190.11 million (March 31, 2022: write-back of MMK 3,416.76 million) on its loan portfolio based on management's assessment determining additional specific provision as per 2.4.5.1 : *Specific provision on loans and advances*.

⁽²⁾ As at March 31, 2023, the Bank had provided a reversal of specific provision amounting to MMK 21,110.98 million (March 31, 2022: allowance of MMK 756.54 million) on restructured loan portfolios based on management's assessment determining additional specific provision as per 2.4.5.2 : *Specific provision for restructured loan portfolios*.

⁽³⁾ In 2018, the Bank and the Fund have agreed to transfer AFP fund amounting to MMK 6.59 billion as part of the specific provision. The Bank has decreased the provision amounting to MMK 5,484.22 million as of March 31, 2023 (March 31, 2022: increased of MMK 37.7 million) respectively, for its HP AFP product.

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

11. PROPERTY AND EQUIPMENT

<i>In millions</i>	Land	Building	Office equipment	Furniture and fitting	Motor vehicle	Leasehold improvements	Total
	MMK	MMK	MMK	MMK	MMK	MMK	MMK
<u>Cost</u>							
At April 1, 2022	11,732.38	13,272.70	25,363.18	2,921.60	2,920.99	6,907.01	63,117.86
Additions	31,273.04	80,486.68	8,688.95	440.41	1,027.13	598.74	122,514.95
Disposal	-	-	(162.90)	-	(96.63)	-	(259.53)
Reclassification	-	-	(20.82)	(21.04)	-	-	(41.86)
Write-offs	-	-	(750.83)	(31.16)	(55.42)	(1,053.49)	(1,890.90)
At March 31, 2023	43,005.42	93,759.38	33,117.58	3,309.81	3,796.07	6,452.26	183,440.52
<u>Accumulated depreciation</u>							
At April 1, 2022	-	328.03	12,672.88	779.09	2,481.50	1,761.02	18,022.52
Charge for the year	-	196.36	3,100.49	137.89	239.97	1,060.78	4,735.49
Disposals	-	-	(160.07)	-	(95.90)	-	(255.97)
Reclassification	-	-	(9.34)	(7.33)	-	-	(16.67)
Write-offs	-	-	(539.96)	(11.99)	(2.44)	(1,053.49)	(1,607.88)
At March 31, 2023	-	524.39	15,064.00	897.66	2,623.13	1,768.31	20,877.49
Carrying amount at March 31, 2023	43,005.42	93,234.99	18,053.58	2,412.15	1,172.94	4,683.95	162,563.03

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

11. PROPERTY AND EQUIPMENT (CONT'D)

<i>In millions</i>	Land	Building	Office equipment	Furniture and fitting	Motor vehicle	Leasehold improvements	Total
	MMK	MMK	MMK	MMK	MMK	MMK	MMK
<u>Cost</u>							
At October 1, 2021	11,732.38	10,970.58	23,537.34	2,929.84	2,922.47	7,158.49	59,251.10
Additions	-	2,302.12	2,107.43	15.14	-	1,900.92	6,325.61
Disposal	-	-	(6.19)	(2.74)	-	-	(8.93)
Write-offs	-	-	(275.40)	(20.64)	(1.48)	(2,152.40)	(2,449.92)
At March 31, 2022	11,732.38	13,272.70	25,363.18	2,921.60	2,920.99	6,907.01	63,117.86
<u>Accumulated depreciation</u>							
At October 1, 2021	-	244.23	11,553.08	717.88	2,385.62	3,390.74	18,291.55
Charge for the financial period	-	83.80	1,335.89	69.04	97.36	522.68	2,108.77
Disposals	-	-	(5.59)	(2.71)	-	-	(8.30)
Write-offs	-	-	(210.50)	(5.12)	(1.48)	(2,152.40)	(2,369.50)
At March 31, 2022	-	328.03	12,672.88	779.09	2,481.50	1,761.02	18,022.52
Carrying amount at March 31, 2022	11,732.38	12,944.67	12,690.30	2,142.51	439.49	5,145.99	45,095.34

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

11. PROPERTY AND EQUIPMENT (CONT'D)

The Bank's land and buildings are stated at their revalued amounts at fair value as approved by CBM in Notification No. 3954/AA(1)/3/797/2018-2019. The difference between the revalued amounts and carrying amounts prior to revaluation of MMK 11.10 billion is recognised as part of revaluation surplus under "Reserves" (Note 17).

12. SOFTWARE, LICENSES AND RIGHTS

<i>In millions</i>	Computer software MMK	Licenses & rights MMK	Total MMK
<u>Cost</u>			
At April 1, 2022	7,141.06	4,568.85	11,709.91
Additions	677.77	-	677.77
Write-offs	(1,472.04)	(15.92)	(1,487.96)
Reclassification	(48.53)	-	(48.53)
At March 31, 2023	6,298.26	4,552.93	10,851.19
<u>Amortisation</u>			
At April 1, 2022	3,143.73	1,996.74	5,140.47
Charged during the year	1,305.00	573.04	1,878.04
Write-offs	(1,472.04)	(15.92)	(1,487.96)
At March 31, 2023	2,976.69	2,553.86	5,530.55
Carrying amount at March 31, 2023	3,321.57	1,999.07	5,320.64

<i>In millions</i>	Computer software MMK	Licenses & rights MMK	Total MMK
<u>Cost</u>			
At October 1, 2021	6,597.40	4,467.50	11,064.90
Additions	653.93	101.35	755.28
Adjustments	(110.27)	-	(110.27)
At March 31, 2022	7,141.06	4,568.85	11,709.91
<u>Amortisation</u>			
At October 1, 2021	2,693.39	1,731.71	4,425.10
Charged during the period	560.61	265.03	825.64
Adjustments	(110.27)	-	(110.27)
At March 31, 2022	3,143.73	1,996.74	5,140.47
Carrying amount at March 31, 2022	3,997.33	2,572.11	6,569.44

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

13. OTHER ASSETS

<i>In millions</i>	March 31, 2023	March 31, 2022
	MMK	MMK
Prepaid expenses	58,447.64	31,766.89
Account receivable – others	18,069.94	544.22
Interest receivable from loan customers, net ⁽¹⁾	11,321.51	11,053.08
Interest receivable from investments	9,703.52	8,612.24
Repossessed properties, net ⁽²⁾	5,458.73	553.93
Security deposit	135.14	828.82
	<u>103,136.48</u>	<u>53,359.18</u>

(1) Interest receivable from loan customers, net consists of the following:

<i>In millions</i>	March 31, 2023	March 31, 2022
	MMK	MMK
Interest receivable from loan customers	11,635.46	12,994.25
Sundry deposit – interest in suspense	(313.95)	(1,941.17)
	<u>11,321.51</u>	<u>11,053.08</u>

(2) The Bank took possession of properties (land and building) which were held as security for defaulted loan. The repossessed properties were carried at the lower of the carrying amount of the loan outstanding and fair value of the property. The repossessed properties will be sold as soon as practicable, at auction, to settle the outstanding debt. Details of repossessed properties as of March 31, 2023 and March 31, 202 are as follows:

<i>In millions</i>	March 31, 2023	March 31, 2022
	MMK	MMK
Cost	12,306.42	580.05
Specific provision	(6,847.69)	(26.12)
	<u>5,458.73</u>	<u>553.93</u>

A reconciliation of the specific allowance for impairment losses for the repossessed properties is presented below:

<i>In millions</i>	March 31, 2023	March 31, 2022
	MMK	MMK
Balance at beginning of year/ period	26.12	97.02
Charge/ (Reversal) for the year/ period	6,471.48	(325.84)
Provision for the year/ period	350.09	254.94
Balance at end of year/ period	<u>6,847.69</u>	<u>26.12</u>

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

14. DUE TO NON-BANK CUSTOMERS

<i>In millions</i>	March 31, 2023	March 31, 2022
	MMK	MMK
Flexi cash deposits	1,813,264.56	848,398.80
Super fixed deposit	659,357.75	156,251.17
Fixed deposits	243,993.95	683,463.92
Savings deposits	208,437.71	462,746.98
Flexi Everyday	169,445.86	-
Foreign currency	160,660.09	129,014.97
Connect account - wave	84,802.76	152.84
Call deposits	77,495.61	348,099.24
Current deposits	72,632.18	96,707.85
Smart account	18,315.18	50,225.29
J zu account	42.76	8,283.21
	<u>3,508,448.41</u>	<u>2,783,344.27</u>

15. ACCRUALS AND OTHER LIABILITIES

<i>In millions</i>	March 31, 2023	March 31, 2022
	MMK	MMK
Interest payable to depositors	13,810.71	13,321.14
Unclaimed liabilities	11,636.71	4,033.32
Accrued expenses	9,381.12	8,820.54
Tax provision	3,857.94	4,113.45
Sundry deposit	3,639.29	4,176.71
Payment order	2,263.41	5,550.66
Share-based payment liabilities ⁽¹⁾	1,627.94	630.96
Deferred revenue	1,171.64	1,880.35
Remittance in transit	590.27	1,429.26
Card/CBM net settlement account	293.85	241.22
Other long-term employee benefits ^(1,2)	284.70	150.04
Other provision	53.62	245.68
Gift cheque account	15.90	15.61
Accrual unearned account - penalty interest	-	109.01
	<u>48,627.10</u>	<u>44,717.95</u>

⁽¹⁾ Details of share-based payment liabilities are as follows:

<i>In millions</i>	March 31, 2023	March 31, 2022
	MMK	MMK
Senior Leadership Scheme	1,627.94	630.96
Talent Retention Scheme	284.70	150.04
	<u>1,912.64</u>	<u>781.00</u>

YOMA BANK LIMITED**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023****15. ACCRUALS AND OTHER LIABILITIES (CONT'D)**

Senior Leadership Scheme (SLS)

The Bank issued to certain senior leadership personnel Bonus Unit Awards ("Unit Awards") that require the Bank to pay a target value of each vested Unit Award equal to either (1) the price per share in the stock exchange market, if the Bank becomes a listed entity; or (2) book value per share, if the Bank remains a private company. The Unit Awards have a vesting period of three years from January 1, 2021 and January 1, 2022 respectively, and are subject to certain performance conditions. Unit Awards granted to senior leadership personnel are 13,800 units and 26,400 units. The value of each Unit Award is determined using the expected book value per share at the end of the vesting period. The Bank recorded total expenses of MMK 996.98 million during the year in respect of SLS (Note 22).

⁽²⁾ Talent Retention Scheme (TRS)

The Bank granted a deferred cash benefit to certain eligible employees under the Talent Retention Scheme (TRS). The deferred cash benefit has a vesting period of three years from January 1, 2021 and January 1, 2022 respectively, is subject to certain performance conditions. The Bank recognised total expenses of MMK 134.66 million during the year in respect of TRS (Note 22).

16. SHARE CAPITAL

The total amount of issued and paid-up capital was made in accordance with section 60(B) of the Myanmar Companies Law.

	March 31, 2023		March 31, 2022	
	No. of shares	MMK (in million)	No. of shares	MMK (in million)
<u>Issued and fully paid</u>				
At beginning of the year/period	3,318,663.00	86,260.44	3,318,663.00	86,260.44
Issuance of shares during the year/period	-	-	-	-
At end of the year/period	3,318,663.00	86,260.44	3,318,663.00	86,260.44

The Bank has issued 150,000 shares and 112,000 shares at a premium rate of MMK 115,000 per share in fiscal year 2016 and 2017, respectively. In compliance with the Myanmar Companies Law, since the fiscal year ended September 30, 2019, all share premium is presented as a separate line item in the statement of financial position in compliance with CBM instruction.

On May 29, 2020, the Bank issued 414,447 new shares (equivalent to MMK 54.00 billion) to Greenwood Capital Private Limited upon receipt of approval from CBM on the same day.

During the year, International Financial Corporation (IFC) sold its holding of 148,672 ordinary shares (equivalent to MMK 4.05 billion) in Yoma Bank Limited, presenting 4.48% of bank shareholding to First Myanmar Investment Public Co., Ltd. at IFC's original investment value.

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

17. RESERVES

The details of reserves are as follows:

<i>In millions</i>	March 31, 2023	March 31, 2022
	MMK	MMK
Statutory reserve fund ⁽¹⁾		
Opening balance	29,340.74	28,030.19
Additions for the year/ period	3,474.61	1,310.55
Total statutory reserve fund	32,815.35	29,340.74
Reserve for contingencies		
Opening balance	72.00	71.00
Additions for the year/ period	1.00	1.00
Total reserve for contingencies	73.00	72.00
Reserve for general provision on loans and advances ⁽²⁾		
Opening balance	40,444.58	40,444.58
Additions for the year/ period	2,607.27	-
Total reserve for general provision on loans and advances	43,051.85	40,444.58
Revaluation surplus (Note 11)		
Opening balance	11,104.57	11,104.57
Additions for the year/ period	-	-
Total revaluation surplus	11,104.57	11,104.57
Total reserves	87,044.77	80,961.89

(1) In compliance with Section 35(a) of the FIL 2016, 25% of the net profit after tax will be set aside as statutory reserve fund at the end of the fiscal year and is not distributable as cash dividends.

(2) In compliance with CBM Instruction No. 17/2017, 2% of total balance of loans and advances will be set aside as reserve for general provision on loans and advances at the end of the fiscal year. For the year/ period ended March 31, 2023 and March 31, 2022, the Bank is in compliance with the required reserve for general provision on loans and advances.

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

18. NET INTEREST INCOME

Interest income comprises interest arising from various types of lending and investment activities. Interest expense comprises all interest incurred on deposits and borrowings from bank and non-bank customers. Interest income and expense include the following:

<i>In millions</i>	For the year ended March 31, 2023	For the six-month period ended March 31, 2022
	MMK	MMK
Operations:		
Interest from demand loans	115,213.93	45,790.26
Interest from overdrafts	29,833.61	14,717.40
Interest from home loan	14,252.73	6,631.39
Interest from hire purchase	13,403.03	8,958.86
Interest from hire purchase- AFP	2,468.84	1,928.50
Interest from staff loans	156.41	46.79
Total operating interest income	<u>175,328.55</u>	<u>78,073.20</u>
Investments:		
Interest from investment securities	71,062.44	20,818.85
Interest from interbank placements	3,311.34	893.34
Total investment interest income	<u>74,373.78</u>	<u>21,712.19</u>
Interest from trade finance	<u>11,195.53</u>	<u>3,036.56</u>
Total interest income	<u>260,897.86</u>	<u>102,821.95</u>
Flexi Cash Deposit	91,622.71	16,294.64
Fixed deposit	73,596.30	30,629.00
Savings deposit	14,955.15	12,609.18
Call deposit	7,217.11	8,199.50
J Zu deposit	48.42	159.49
Interest expense from non-bank customer deposits	187,439.69	67,891.81
Interest expense from interbank borrowings	45.37	21.45
Interest expense from securities sold with agreement to repurchase	-	230.14
Total interest expense	<u>187,485.06</u>	<u>68,143.40</u>
Net interest income	<u>73,412.80</u>	<u>34,678.55</u>

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

19. FEES AND COMMISSION INCOME

Fees, commission and service charges income are generated from the range of activities that the Bank provides. Below is the breakdown of fees and commission income and expense.

<i>In millions</i>	For the year ended March 31, 2023	For the six-month period ended March 31, 2022
	MMK	MMK
Loan and overdraft fees	9,132.27	1,682.94
Remittance fees	3,982.93	2,296.85
Trade finance fees	2,235.86	490.77
Other charges and fees	1,246.47	688.57
Fees and commissions from hire purchase, AFP	602.39	18.29
Payment order fees	83.85	48.67
Locker rental fees	25.50	9.01
Swift charges	8.02	10.45
Commissions	0.19	0.01
	17,317.48	5,245.56

20. OTHER INCOME

<i>In millions</i>	For the year ended March 31, 2023	For the six-month period ended March 31, 2022
	MMK	MMK
Gain/(Loss) on foreign currency exchange, net	8,140.00	(603.76)
Insurance agent commission	1,331.42	583.55
Gain on disposal of property and equipment	399.70	2.17
Miscellaneous receipts	326.57	32.09
Rental income	138.45	59.85
Dividend income	2.26	3.39
LIFT-AFP reimbursement	-	162.19
Net loss from foreign currency transactions	(1,017.17)	-
	9,321.23	239.48

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

21. GENERAL AND ADMINISTRATIVE EXPENSE

<i>In millions</i>	For the year ended March 31, 2023	For the six-month period ended March 31, 2022
	MMK	MMK
Other administrative expenses	2,646.52	575.38
Office supplies	2,579.58	666.10
Telecommunication and postage	2,301.62	1,136.38
Marketing and advertising	1,718.25	462.85
Repair and maintenance	1,493.16	2,416.16
Utilities expense	1,474.98	378.28
Travel and entertainment	1,120.62	319.85
IT and software costs	296.87	202.58
Swift charges	102.41	53.30
Remittance handling expenses	58.85	11.85
	<u>13,792.86</u>	<u>6,222.73</u>

22. PERSONNEL EXPENSE

<i>In millions</i>	For the year ended March 31, 2023	For the six-month period ended March 31, 2022
	MMK	MMK
Other welfare benefits	19,148.00	7,054.75
Salaries and wages	18,048.13	7,187.94
Employee bonuses	3,159.75	2,672.68
Share-based payment expense (Note 15)	1,131.64	444.11
Employee allowance	902.43	480.21
Employer's contribution to defined contribution plan	440.73	309.44
Income tax and social security contribution	354.41	158.14
	<u>43,185.09</u>	<u>18,307.27</u>

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

23. OTHER EXPENSES

<i>In millions</i>	For the year ended March 31, 2023	For the six-month period ended March 31, 2022
	MMK	MMK
Rates and taxes	7,782.15	2,417.68
Special settlement discount	2,182.98	37.94
Consultancy expenses	1,829.13	2,591.53
Other (gains)/losses and write-off	1,277.56	(751.33)
Insurance	1,189.11	601.25
Service fees on card	755.76	-
Auditor fees	181.73	82.61
Legal fees	172.79	106.70
Refunds, discounts and interest	154.59	0.16
Other fees and expenses	72.81	55.88
Maintenance fees for correspondent bank	54.03	15.85
Commission expense for Home loans	41.39	33.01
Amortisation of rent expense	-	4.97
	<u>15,694.03</u>	<u>5,196.25</u>

24. INCOME TAX EXPENSE

According to State Administration Council notification Ref No(27/2021) issued on September 30, 2021 income tax rate is reduced to 22%, effective from the date of October 1, 2021.

The total charge for the year/ period can be reconciled to the accounting profit as follows:

<i>In millions</i>	For the year ended March 31, 2023	For the six-month period ended March 31, 2022
	MMK	MMK
Profit before tax per statement of profit or loss and other comprehensive income	<u>15,149.11</u>	<u>6,719.20</u>
Income tax expense calculated at statutory rate	3,332.81	1,478.23
Tax effect of non-deductible expense (non-taxable income):		
2% general provision on loans and advances	573.60	-
Gain on disposal of property and equipment	(47.97)	(0.48)
Dividend income	(0.50)	(0.75)
Income tax expense	<u>3,857.94</u>	<u>1,477.00</u>

YOMA BANK LIMITED**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023****25. CONTINGENT LIABILITIES**

The following sets out the Bank's contingent liabilities as at the end of the reporting period, based on the maximum amount the Bank would have to pay if the obligations of the instruments issued are called upon:

<i>In millions</i>	March 31, 2023	March 31, 2022
	MMK	MMK
Performance guarantees	29,665.86	14,493.97
Performance guarantees (foreign currency)	12,140.31	22,363.59
Letter of credit (foreign currency)	-	1,301.12
	<u>41,806.17</u>	<u>38,158.68</u>

26. COMMITMENTS

At the end of the reporting period, the Bank has the following commitments:

<i>In millions</i>	March 31, 2023	March 31, 2022
	MMK	MMK
a) Lease commitments:		
Within one year	88.51	538.79
In the second to fifth year	2,029.36	2,166.02
From the fifth year onwards	998.59	26,081.60
	<u>3,116.46</u>	<u>28,786.41</u>
b) Undrawn loan commitments		
Undrawn overdraft	59,089.80	50,226.10
Undrawn trade credit facilities	101,663.70	67,930.53
	<u>160,753.50</u>	<u>118,156.63</u>
	<u>163,869.96</u>	<u>146,943.04</u>

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

27. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

<i>In millions</i>	March 31, 2023		
	Less than 1 Year	More than 1 Year	Total
	MMK	MMK	MMK
Assets			
Cash on hand and at banks	590,262.48	-	590,262.48
Interbank placements	96,117.00	-	96,117.00
Investment securities	490,292.10	300,333.24	790,625.34
Loans and advances, net	2,107,723.85	-	2,107,723.85
Property and equipment	-	162,563.03	162,563.03
Software, licenses and rights	-	5,320.64	5,320.64
Other assets	97,320.88	5,815.60	103,136.48
Total assets	3,381,716.31	474,032.51	3,855,748.82
Liabilities			
Interbank deposits	1,449.08	-	1,449.08
Due to non-bank customers	3,508,448.41	-	3,508,448.41
Borrowing	30,275.00	-	30,275.00
Accruals and other liabilities	36,990.39	11,636.71	48,627.10
Total liabilities	3,577,162.88	11,636.71	3,588,799.59
Net (liabilities)/assets	(195,446.57)	462,395.80	266,949.23

<i>In millions</i>	March 31, 2022		
	Less than 1 Year	More than 1 Year	Total
	MMK	MMK	MMK
Assets			
Cash on hand and at banks	731,134.65	-	731,134.65
Interbank placements	21,000.00	-	21,000.00
Investment securities	392,673.89	220,740.19	613,414.08
Loans and advances, net	1,631,048.73	-	1,631,048.73
Property and equipment	-	45,095.34	45,095.34
Software, licenses and rights	-	6,569.44	6,569.44
Other assets	28,674.57	24,684.61	53,359.18
Total assets	2,804,531.84	297,089.58	3,101,621.42
Liabilities			
Interbank deposits	950.41	-	950.41
Due to non-bank customers	2,783,344.27	-	2,783,344.27
Borrowing	19,558.00	-	19,558.00
Accruals and other liabilities	40,684.63	4,033.32	44,717.95
Total Liabilities	2,844,537.31	4,033.32	2,848,570.63
Net (liabilities)/assets	(40,005.47)	293,056.26	253,050.79

YOMA BANK LIMITED**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023****28. RECLASSIFICATION**

During the year, the Bank has reclassified the comparative figures for certain accounts:

	As previously reported	Amount reclassified	After reclassification
	MMK (in millions)	MMK (in millions)	MMK (in millions)
Statement of cash flows			
Interest from investment securities	-	(20,818.85)	(20,818.85)
Other assets	3,373.81	(67.45)	3,306.36
Acquisition of investment securities	-	(390,112.24)	(390,112.24)
Proceeds from disposal of investment securities	-	276,000.00	276,000.00
Interest income received from investment securities	-	13,559.50	13,559.50
Investment in government securities	(121,439.04)	121,439.04	-

29. COMPARATIVE FIGURES

Pursuant to the CBM Notification Letter No. MaBaBa/NaPaTa/FIS/(134/2021) dated September 7, 2021, all financial institutions are required to close their accounts for the transition period from October 1, 2021 to March 31, 2022. Accordingly, the Bank also changed its financial reporting period from September 30th to March 31st, and the Statements of Profit or Loss and other Comprehensive income, Statements of Changes in Equity and Statements of Cash Flows for the six-month period ended March 31, 2022 and twelve-month period ended March 31, 2023 are presented as comparative figures of the current period financial statements. Therefore, the amounts presented in the financial statements are not entirely comparable.

30. EVENTS AFTER REPORTING PERIOD

1. Supporting the customers

Myanmar continues to face challenging situations that has resulted in disruption to a number of banking services particularly in respect to MMK cash availability and foreign exchange transactions. The Bank continues to work in a prudent and diligent manner within the evolving regulatory conditions to ensure it can support its customers by maintaining adequate liquidity and access to critical services. The Bank also continues to focus on ensuring the least possible hardships for customers in carrying out the day-to-day banking for its business.

2. Protecting the Bank and Managing risk

The Bank continues to protect its balance sheet with measures such as factoring in an adequate provision, considering a potential increase in Non-Performing Loans. The Bank is emphasising the NPL recovery by working closely with customers to prevent new NPL inflow and solving existing NPLs.

3. Managing Foreign Currency

Challenges still remain in the local market due to external factors in terms of foreign currency and stability of exchange rate in the market. The Bank is proactive by promoting border trade to support customers and educating customers to transact with alternative currencies.

30. EVENTS AFTER REPORTING PERIOD (CONT'D)

4. Improving Cost of Fund

There is high competitiveness in the local deposit market with pricing. The Bank continues to find ways to reduce deposit cost of fund through better quality service and more varied product offerings instead of pricing on both consumer and enterprise customer segments.

5. Building Customer Trust and Confidence

The Bank will be celebrating this year its 30 years of serving and being with the community. The Bank has demonstrated exemplary resilience by overcoming multiple crises with robust corporate governance, strong liquidity management, and diligent regulatory compliance. The Bank believes that customer trust is the most valuable asset and that building higher customer confidence as a responsible bank is a priority.

6. Uplifting the Risk, Compliance and Audit Culture

The Board and Leadership have recently amplified and increased its focus on uplifting the risk, compliance and audit culture within the Bank to cater for the ever-evolving complexity of the legislative and regulatory environment. This has been driven through implementation of a RED, AMBER, GREEN compliance gateway framework, extensive training, implementation of compulsory code of conduct attestations and improving control framework. Some remediation activities have also been undertaken to ensure retrospective compliance.

7. Retaining Talent and Supporting the People

The Bank noted an increase in attrition rates and regrettable losses in the early part of the fiscal year where the majority of cases are people securing offshore employment or study opportunities outside of Myanmar. The Board has implemented a number of key people initiatives to support the retention, development, and recruitment of talent, including the implementation of a long-term incentive program, increased training and mentoring, and leadership and growth programs, and enhanced employee value proposition.

8. Cyclone Mocha

Cyclone Mocha, a category five storm, hit Rakhine State on 7th May 2023, and Yoma Bank Sittwe Branch was in the storm's path. Due to precautionary arrangements, all staff and families are safe and there is no major damage to premises and no damage to or loss of physical cash. The bank is currently assessing the impact on collaterals situated in the affected areas. If there is an impact on collaterals, the bank will reflect on the financial accordingly as per guiding principles.